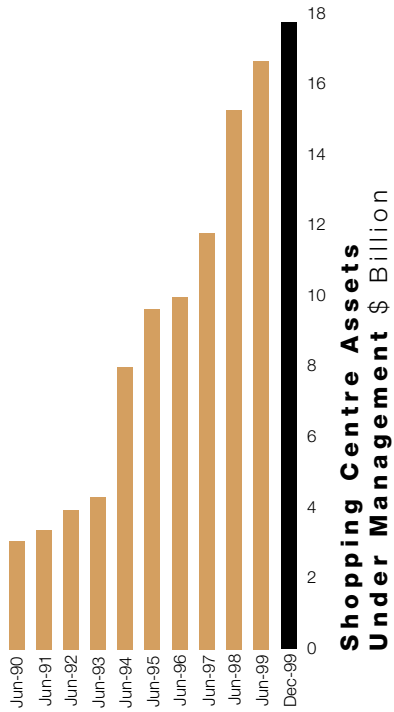
Westfield Holdings Half Year Report

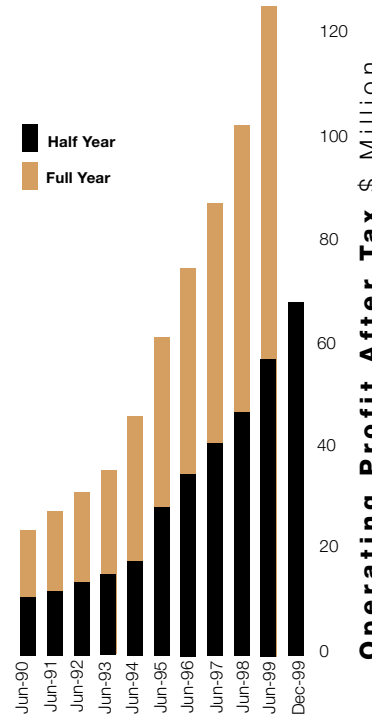
Six Months to 31 December 1999

FINANCIAL HIGHLIGHTS 1999

	Six months to 31 December **1999** **$000**	Six months to 31 December 1998 $000	% increase
Profit before tax	**91,562**	76,205	20.2%
Profit after tax	**67,539**	57,108	18.3%
Total assets	**1,442,020**	1,268,076	13.7%
Assets under management	**17,800,000**	16,700,000	6.6%
Total dividend	**33,746**	29,273	15.3%
Dividend per ordinary share	**6.44¢**	5.59¢	15.2%
Earnings per ordinary share	**12.89¢**	11.18¢	15.3%

Westfield Holdings Limited (ACN 001 671 496)


Shopping Centre Assets
Under Management $ Billion
0
2
4
6
8
10
12
14
16
18
Jun-90
Jun-91
Jun-92
Jun-93
Jun-94
Jun-95
Jun-96
Jun-97
Jun-98
Jun-99
Dec-99


Operating Profit After Tax $ Million
Half Year
Full Year
0
20
40
60
80
100
120
Jun-90
Jun-91
Jun-92
Jun-93
Jun-94
Jun-95
Jun-96
Jun-97
Jun-98
Jun-99
Dec-99

The Street at Westfield Shoppingtown Carousel

DIRECTORS' REPORT

The Directors have pleasure in presenting the results of Westfield Holdings Limited for the six months ended 31 December 1999.

PROFIT AND DIVIDEND

Westfield Holdings Limited achieved an after-tax profit for the six months to 31 December 1999 of $67.5 million, up 18.3% on the same period last year.

An interim dividend of 6.44 cents per share will be paid, compared with 5.59 cents for the previous corresponding period. The interim dividend continues to be 60% franked.

Earnings per share was 12.89 cents, up 15.3% on the December 1998 half year. All areas of the Group's business contributed to the result, with the quality of the shopping centres underpinning the strong performance.

HIGHLIGHTS

The highlights of the period included:

- strong retail sales growth in Australia and the United States of America, particularly over the Christmas trading period, emphasising the underlying strength of the business;
- strong demand in all markets from retailers for both existing shopping centre space and the new space being created through the Group's redevelopment program in Australia, the US and New Zealand;
- the expansion of the Group's management portfolio to 81 shopping centres with the acquisition by Westfield America, Inc. of Palm Desert Town Center in Palm Springs, California and the acquisition by Westfield Trust of an interest in Carindale Shopping Centre in Brisbane. The Group was also awarded the retail management rights for San Antonio International Airport, increasing to six the number of airport retailing precincts it manages;
- the excellent reception, from retailers and shoppers, to the introduction of the "Westfield Shoppingtown" brand in the US.

The Westfield Group now has shopping centre assets under management valued at $17.8 billion, with 12,750 retailers occupying 5.8 million square metres of retail space.

In **Australia**, retail sales in the shopping centres managed by the Group were strong, including an excellent Christmas trading period. December

sales were 5.2% greater than last year on a like for like basis. Keen demand for space in Westfield Shoppingtowns saw occupancy levels remain in excess of 99% at a time when 700 new stores were opened across the portfolio that now contains 6,150 retailers. The ongoing redevelopment program featured the successful completion of Carousel in Perth ($210 million) and most stages of Chatswood in Sydney ($205 million), while construction continues at Southland in Melbourne ($310 million), Chermside in Brisbane ($235 million) and Burwood in Sydney ($300 million).

Westfield Shoppingtowns in the **United States** also achieved strong retail sales, highlighted by a 6.5% increase during the end of year holiday period on a like for like basis. The leasing performance was also strong, resulting in the portfolio being 94% leased. Three redevelopments totalling US$65 million were completed during the half year – Meriden (Connecticut), Mid Rivers and Crestwood (both in St Louis, Missouri). In addition, work commenced on the US$22 million expansion of Annapolis (Maryland) and US$28 million redevelopment of Connecticut Post (Connecticut) while the US$150 million redevelopment of Valley Fair (California) continued.

The successful integration of the 11 former TrizecHahn shopping centres was a major achievement given that this resulted in an increase of approximately 60% in the value of the assets under management in the US. The integration of the TrizecHahn portfolio also provided further impetus to the introduction of the Westfield Shoppingtown brand to the US market. The reception of the brand, by both retailers and shoppers, exceeded expectations. This initiative is already facilitating large scale promotions in the Group's US centres which would not have been possible otherwise.

The St Lukes Group in **New Zealand** continues to perform well. The first major project in New Zealand, a NZ$100 million development at Glenfield in Auckland, is progressing well. In addition, St Lukes has secured a major development site in Newmarket, Auckland and has announced plans for a NZ$80 million expansion of WestCity Shopping Centre in Auckland. Intensive planning is underway for these and a number of other projects which will constitute a NZ$500 million program over the next four to five years.

DIRECTORS

The Directors of the Company during the half year were F P Lowy AC, F G Hilmer AO, R A Ferguson, D M Gonski, S P Johns, D H Lowy, P S Lowy, S M Lowy, D R Wills AO, and C M Zampatti AM. Each of those Directors held office throughout the half year and there has been no change to the Board since the end of the half year.

Westfield Shoppingtown Meriden, Connecticut

DIRECTORS' REPORT

OUTLOOK

The success of Westfield's redevelopment programs in Australia, the US and New Zealand gives the Group confidence in the $4.5 billion redevelopment program planned for the next five years. These redevelopments will enable the Group to maximise opportunities from the existing asset base.

In February 2000, the Company announced it had been selected as the preferred joint venture partner and developer for the Broadmarsh Centre in Nottingham, England. This is Westfield's first venture in the United Kingdom and represents a major geographic diversification for the Westfield Group as part of its global shopping centre strategy. The Directors believe this is as significant a development for the Company as the 1977 entry in the United States shopping centre market. Westfield Holdings has agreed to pay £53 million ($132 million) to acquire a 75% interest in the existing shopping centre and will also share 75% of the redevelopment project that will significantly expand the existing centre so that it is expected to become the pre-eminent retail destination in the East Midlands. The value of the project on completion is estimated to be more than $1 billion (£400 million).

In March 2000, the Company disposed of its 10% interest in Suria Kuala Lumpur City Centre to the Rodamco Asia group, an existing investor in the project. The sale proceeds are in excess of book value. Westfield will continue to provide advisory services to the centre and has retained an option to purchase back the 10% interest before 31 December 2004.

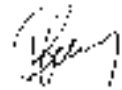
The Company continues to move forward with a range of Internet initiatives, highlighted by its Internet Shoppingtown, which is being built around the strength of the Westfield brand and the Company's expertise in aggregating retailers. Retailers have shown keen interest in participating in the Internet Shoppingtown.

Westfield Holdings is confident that continuing future growth will come from a number of areas including:

- maximising opportunities from the existing shopping centre asset base through the ongoing redevelopment program;
- seeking opportunities to expand the shopping centre asset base in the markets where we already operate; and
- pursuing opportunities to enter new international markets.

The Directors expect the Group's strong performance to continue in the second half of the year.

Made on 8 March 2000 in accordance with a resolution of the Directors.



F P Lowy, AC
Chairman

Westfield Shoppingtown Tea Tree Plaza, Adelaide

THE DIRECTORS

Frank P Lowy, AC
Chairman
Frank Lowy is Executive Chairman and co-founder of Westfield. He is a Member of the Board of the Reserve Bank of Australia and a Director of Daily Mail and General Trust plc (UK). He is Chairman of the Company's Remuneration Committee.

Frederick G Hilmer, AO
Deputy Chairman
Appointed as a Non-Executive Director in 1991 and Non-Executive Deputy Chairman in 1997, Frederick Hilmer holds degrees in Law from the Universities of Sydney and Pennsylvania and an MBA from the Wharton School of Finance. He is Chief Executive Officer of John Fairfax Holdings Limited. Prior to joining Fairfax, he was Dean and Professor of Management at the Australian Graduate School of Management at the University of NSW. He is a member of the Company's Remuneration Committee and Chairman of the Audit and Compliance Committee.

Robert A Ferguson
Appointed as a Non-Executive Director in 1994, Robert Ferguson holds an Honours Degree in Economics from the University of Sydney and is an Associate of the Securities Institute of Australia. He is Chairman of BT Funds Management. He is a member of the Company's Remuneration Committee.

David M Gonski
Appointed as a Non-Executive Director in 1985, David Gonski holds degrees in law and commerce. He is a solicitor and a principal of Wentworth Associates Pty Ltd. He is Chairman of Morgan Stanley Dean Witter Australia Limited, and President of the Art Gallery of NSW Trust. His other directorships include Coca-Cola Amatil Limited and John Fairfax Holdings Limited. He is a member of the Company's Audit and Compliance Committee.

Stephen P Johns
Appointed as an Executive Director in 1985, Stephen Johns holds a Bachelor of Economics degree from the University of Sydney and is an Associate of the Institute of Chartered Accountants in Australia. He joined Westfield in 1970 and was appointed Secretary and subsequently General Manager Finance, prior to becoming Finance Director of Westfield in 1985 and Group Finance Director in 1997. He is a Member of the Council of Governors of Ascham School

David H Lowy

Appointed as an Executive Director in 1982, David Lowy holds a Bachelor of Commerce degree from the University of NSW. He joined Westfield in 1977 and spent a number of years working in the USA. He was appointed Managing Director in 1987. He is a member of the President's Council of the New Children's Hospital, Westmead. He is a member of the Company's Audit and Compliance Committee.

Peter S Lowy

Appointed as an Executive Director in 1987, Peter Lowy holds a Bachelor of Commerce degree from the University of NSW. Prior to joining Westfield in 1983, he worked in investment banking in the USA and UK. He has resided in the USA since 1990 and was appointed Managing Director in 1997.

Steven M Lowy

Appointed as an Executive Director in 1989, Steven Lowy holds a Bachelor of Commerce (Honours) degree from the University of NSW. In 1997, he was appointed Managing Director. Prior to joining Westfield in 1987, he worked in investment banking in the USA . He is a Director of the Victor Chang Cardiac Research Institute.

Dean R Wills, AO

Appointed as a Non-Executive Director in 1994, Dean Wills is Chairman of AXA Asia Pacific Limited, Deputy Chairman of the Australia Grand Prix Corporation, Director of John Fairfax Holdings Limited, Australia Foundation for Culture and the Humanities Ltd, and Coca-Cola Beverages plc.

Carla Zampatti, AM

Appointed as a Non-Executive Director in 1997, Carla Zampatti is Executive Chairman of the Carla Zampatti Group. She is Chairman of the Special Broadcasting Service (SBS), a Director of McDonald's Australia Limited and the Australian Graduate School of Management and a Trustee of the Sydney Theatre Company Foundation Trust.

BALANCE SHEET

AS AT 31 DECEMBER 1999 AND FOR THE PREVIOUS CORRESPONDING HALF YEAR END AND PREVIOUS FINANCIAL YEAR END

	Consolidated		
	31 Dec 1999 $000	30 June 1999 $000	31 Dec 1998 $000
CURRENT ASSETS			
Cash	**84,170**	76,256	101,196
Receivables	**34,141**	32,747	43,767
Inventories	**32,679**	38,068	20,166
Other	**42,466**	38,271	40,484
TOTAL CURRENT ASSETS	**193,456**	185,342	205,613
NON-CURRENT ASSETS			
Inventories	**8,651**	7,293	7,293
Investments	**998,298**	953,618	948,742
Plant and equipment	**96,271**	93,637	54,452
Other	**145,344**	75,350	51,976
TOTAL NON-CURRENT ASSETS	**1,248,564**	1,129,898	1,062,463
TOTAL ASSETS	**1,442,020**	1,315,240	1,268,076
CURRENT LIABILITIES			
Accounts payable	**200,362**	184,829	175,173
Borrowings	**6,656**	6,350	5,912
Provisions	**66,251**	59,782	51,423
TOTAL CURRENT LIABILITIES	**273,269**	250,961	232,508
NON-CURRENT LIABILITIES			
Accounts payable	**58,557**	44,126	70,932
Borrowings	**517,249**	490,019	506,181
Provisions	**68,043**	38,312	30,824
TOTAL NON-CURRENT LIABILITIES	**643,849**	572,457	607,937
TOTAL LIABILITIES	**917,118**	823,418	840,445
NET ASSETS	**524,902**	491,822	427,631
SHAREHOLDERS' EQUITY			
Share capital	**159,810**	159,301	136,792
Reserves	**45,021**	46,243	38,901
Retained profits	**320,071**	286,278	251,938
TOTAL SHAREHOLDERS' EQUITY	**524,902**	491,822	427,631

PROFIT & LOSS STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 1999 AND FOR THE PREVIOUS CORRESPONDING HALF YEAR END

	Notes	Consolidated 31 Dec 1999 $000	31 Dec 1998 $000
Revenue from trading operations		**573,541**	348,798
Other revenue		**49,829**	44,359
OPERATING REVENUE		**623,370**	393,157
Operating profit before income tax	2	**91,562**	76,205
Income tax attributable to operating profit		**(24,023)**	(19,097)
OPERATING PROFIT AFTER INCOME TAX		**67,539**	57,108
Retained profits at the beginning of the half year		**286,278**	316,887
Adjustment to retained profits on adoption of equity accounting for associates	1(b)	**–**	(92,784)
Total available for appropriation		**353,817**	281,211
DIVIDENDS PAID OR PROVIDED FOR	3	**(33,746)**	(29,273)
RETAINED PROFITS AT THE END OF THE HALF YEAR		**320,071**	251,938
EARNINGS PER SHARE - Basic		**12.89¢**	11.18¢
- Diluted		**12.87¢**	10.91¢

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 1999 AND FOR THE PREVIOUS CORRESPONDING HALF YEAR END

	Consolidated	
	31 Dec 1999 $000	31 Dec 1998 $000
Receipts from customers	**568,002**	342,095
Payments to suppliers and employees	**(476,263)**	(281,424)
Dividends and distributions received	**43,693**	42,968
Income tax paid	**(17,721)**	(10,354)
CASH IN/(OUT) FLOWS FROM OPERATING ACTIVITIES	**117,711**	93,285
Purchases of plant and equipment	**(8,987)**	(12,222)
Sales of plant and equipment	**-**	410
Purchases of investments	**(17,801)**	(112,145)
Loans to other entities	**(28,027)**	-
Dividends and distributions received	**22**	15
CASH IN/(OUT) FLOWS FROM INVESTING ACTIVITIES	**(54,793)**	(123,942)
Issue of ordinary shares	**509**	101
Borrowings	**1,385**	145,774
Interest received	**1,483**	452
Interest paid	**(21,140)**	(15,697)
Dividends paid	**(35,038)**	(28,612)
Currency hedging contracts	**(2,509)**	885
Interest rate swaps termination	**-**	(2,929)
CASH IN/(OUT) FLOWS FROM FINANCING ACTIVITIES	**(55,310)**	99,974
Net cash in/(out) flows for the half year	**7,608**	69,317
Cash balance at beginning of the half year	**69,906**	25,480
Exchange gains on cash balance brought forward at the beginning of the half year	**-**	487
CASH BALANCE AT END OF THE HALF YEAR	**77,514**	95,284

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 1999 AND FOR THE PREVIOUS CORRESPONDING HALF YEAR

1 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Preparation

The Half Year Financial Statements are general purpose financial reports prepared in accordance with the Corporations Law and applicable Accounting Standards including AASB 1029: Half Year Accounts and Consolidated Accounts.

It is recommended that the Half Year Financial Statements are read in conjunction with the Annual Financial Statements of Westfield Holdings Limited and Subsidiaries for the year ended 30 June 1999 and any public announcements made by Westfield Holdings and its controlled entities during the half year ended 31 December 1999 in accordance with the continuous disclosure obligations arising under the Corporations Law.

For the purpose of the Half Year Financial Statements, the half year has been treated as a discrete reporting period.

(b) Accounting Policies

The accounting policies adopted are consistent with those applied in the previous financial year except for the accounting policy in respect of interests in joint ventures.

In the current half year, the Group has for the first time applied the equity method of accounting to partially owned partnerships over which it has significant influence, in accordance with AASB 1006 "Interests in Joint Ventures". In the previous corresponding period the Group's proportionate share of such partnership's profit and net assets have been included as "Share of profits from partnerships" in the Group Profit and Loss Statement and as "Investment Unlisted Entities" in the Group Balance Sheet respectively. In accordance with AASB 1016 "Accounting for Investments in Associates", there has been no restatement of comparative figures to the equity method of accounting.

In the previous corresponding half year, the Group for the first time applied the equity method of accounting for associates to entities which are companies or trusts, in accordance with AASB 1016 "Accounting for Investments in Associates". As a result, the carrying value of the Group's investments in associates was revised from Directors' valuation to its proportionate share of the underlying net asset value. This adjustment was charged to opening retained earnings $92.784M and to opening asset revaluation reserve $7.740M.

(c) Rounding

Pursuant to ASIC Class Order 98/100, the amounts shown in the Financial Report have, unless otherwise indicated, been rounded to the nearest thousand dollars.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 1999 AND FOR THE PREVIOUS CORRESPONDING HALF YEAR

	Consolidated	
	31 Dec 1999 $000	31 Dec 1998 $000
2 OPERATING PROFIT		
Operating Profit includes the following credits/(charges):		
Interest Expense	**(22,045)**	(17,189)
Interest Income	**1,520**	517
Amortisation and Depreciation	**(5,987)**	(5,546)
3 DIVIDENDS PAID OR PROVIDED		
Dividends paid during the half year		
6.69 cents per share final dividend (1998: 5.60 cents per share)	**35,038**	28,612
Dividends proposed		
6.44 cents per share interim dividend (1998: 5.59 cents per share)	**33,746**	29,273

Dividends are 60% franked at a corporate tax rate of 36%
Books close for interim dividend on 17 March 2000.
Interim dividend is payable on 31 March 2000.

DIRECTORS' DECLARATION

The Directors of Westfield Holdings Limited (**"Company"**) declare that:

(a) the Half Year Financial Statements and notes thereto comply with the accounting standards;

(b) Half Year Financial Statements and notes thereto give a true and fair view of the financial position and performance of the Company together with all entities it is required by the accounting standards to include in those statements; and

(c) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Made on 8 March 2000 in accordance with a resolution of the Directors.

F P Lowy AC
Chairman

S P Johns
Group Finance Director

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF WESTFIELD HOLDINGS LIMITED

Scope

We have reviewed the financial report of Westfield Holdings Limited for the half-year ended 31 December 1999, set out on pages 10 to 15, including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising Westfield Holdings Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory professional reporting requirements and statutory requirements, and in order for the company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the disclosing entity's personnel and analytical review procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Statement

As a result of our review, we have not become aware of any matter that makes us believe that the half-year financial report of Westfield Holdings Limited is not in accordance with:

(a) the Corporations Law, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 1999 and its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and the Corporations Regulations;

(b) other mandatory professional reporting requirements.

Ernst & Young

Ernst & Young

B J Long

B J Long
Partner

Date: 8 March 2000

Westfield Holdings Limited
(Incorporated in New South Wales)
ACN 001 671 496

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Secretary
Craig van der Laan de Vries

Auditors
Ernst & Young

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